

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS)
RISK MANAGEMENT COMMITTEE CHARTER

I. STATEMENT OF POLICY

On November 3, 1992, the people of the State of California passed Proposition 162, which amended Article XVI, section 17 of the California Constitution, granting the California Public Employees' Retirement System (CalPERS) Board of Administration (Board) plenary authority over the administration of CalPERS. On December 18, 1992, the Board implemented its plenary authority by adopting Delegation Resolution No. 92-04A to take exclusive control over the administration of the system.

On April 13, 2011, the Board of Administration approved the creation of a Risk Management Committee (Committee) as a permanent and standing committee by adopting Delegation Resolution No. BD-11-02.

II. PURPOSE

The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities by creating a comprehensive approach to anticipate, identify, prioritize, and manage key risks to our business objectives. In addition, the Committee will assist the Board with its governance and risk management framework and processes to make sure they continue to meet or exceed "best practice" standards required of a public pension system. The Committee will also provide oversight regarding the alignment of internal business practices to ensure consistency with our risk management philosophy and core values at CalPERS.

III. **GENERAL AUTHORITY AND RESPONSIBILITY**

The Committee shall have the authority and responsibility to:

1. Provide the policy and framework for an effective system of enterprise-wide risk management.
2. Approve the risk governance structure, risk assessment and risk management practices, and the guidelines, policies, and processes for risk assessment and risk management.
3. Establish the overall enterprise risk appetite and approve management's strategy relating to key risks, including strategic, operational, financial/reporting, ethics/legal/compliance, and investments.
4. Receive reports on selected risk topics as the Committee deems appropriate from time to time. These reports may include scenario analyses, post-mortem analyses, in-depth analyses of key risk issues, or other reports, as needed.
5. Ensure that risk assessments are performed periodically and completely.
6. Evaluate the adequacy of management's risk assessment, its plan to control or mitigate risks, and the disclosure of risks.
7. Confirm that the committees of the Board are providing appropriate risk oversight, to include providing assurance that staff is managing risk in accordance with policy, and ensuring all policy items brought to the committee contain an appropriate risk assessment. Ensure that risks brought to the Committee are being properly reported and managed in all other relevant Board committees.
8. Recommend to the Board all changes to enterprise risk management processes, governance, or related infrastructure.
9. Delegate any of its responsibilities to subcommittees as the Committee may deem appropriate.
10. The Committee will report its actions and any recommendations to the Board and will conduct and present to the Board an annual performance evaluation.

11. The Committee shall review annually the adequacy of this Charter and recommend any proposed change to the Board for approval.
12. Recommend other acts to the Board necessary to implement the foregoing.

IV. **COMMITTEE MEETINGS**

The Committee will meet at least six (6) times per year or as deemed necessary by the Committee Chair.

In addition, the Committee will conduct closed session meetings no less than four (4) times per year to evaluate the performance of the Chief Risk Officer (CRO) through confirmation of independence from undue influence while performing the duties of the CRO.